

To: Deans, Research Faculty, and Research Business Managers

From: Jim Siedow, Vice Provost for Research; and Gene Oddone, Vice Dean, Clinical Research

Re: Charging Computers Costing Less than \$5,000 to Federally Sponsored Projects

We have been asked to clarify University policy and procedure related to the charging of computers to federally sponsored projects. The way computing is charged has been the focus of many recent Federal audits, including one at Duke.

As context, it is important to remember that the University receives indirect cost reimbursement from the Federal government through the Facilities & Administration (F&A *also known as* Indirect Cost) rate, currently 56%. Administrative support for Federal grants is covered in this rate. The Federal government considers computers used in support of the administration of Federal grants or writing research reports or communicating with granting agencies or other scholars to be covered by this rate, and the University does include the cost of such computing when calculating our F&A rate. In addition, computing support for grant preparation, teaching, overall scholarly productivity and communications is not supported by direct costs on Federal grants.

Computing costs may be charged directly to Federal grants only when one of two conditions is met:

Either

- 1) The computing device must function as a scientific instrument or be attached to such an instrument for data capture or experimental visualization; or,
- 2) There must be a demonstration that the computing device is necessary for the conduct of the research outside the general purposes described above. Included in this justification must be uses that are specifically identifiable to the stated goals of the research project and ones that are above the routine uses that would normally be required to support a grant project. The cost of a computer that meets one of these conditions and serves two or more grants may also be shared among two or more grants. It is also possible to share the cost of a computer between research purposes and general administrative ones, but documentation of how the use of the computer is allocated is extremely important.

There are several implications to these broad guidelines. First, it is a school and/or departmental responsibility to fund computing that supports grant administration (*this can be thought of as an appropriate use of indirect cost recoveries since the related expenses are included in the rate*) and the general computing needs of faculty, staff, and students working in the research environment that serve purposes related to teaching, grant preparation, scholarship, and general communications. Second, the University will allow direct charging of computers to grants when computing devices meet the criteria described above.

The procedure for approval requires that the PI indicate in writing the allowable purpose of the computer that justifies the direct charge. The pre-award offices (ORS, ORA) will administer this process and the Office of Research Costing Compliance (RCC) will provide additional training to your grants management staff to assist you in managing these requests. We suggest that school and department financial officers be involved in developing these requests. University compliance staff will review this process periodically. If the University is found out of compliance with Federal regulations associated with computing purchases, schools and departments will be responsible for any associated costs.